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OVER 38 MILLION PEOPLE WITH MEDICARE NOW RECEIVING PRESCRIPTION DRUG COVERAGE

Millions Getting Better Coverage Than Ever Before

HHS Secretary Mike Leavitt today announced that 38.2 million people with Medicare are now receiving comprehensive prescription drug coverage, in many cases even better coverage than they ever had before. A surge in enrollment took place in the closing weeks of the enrollment period, with more than 2 million beneficiaries signing up between May 1 and the May 15th deadline.

“Introduction of the Medicare prescription drug benefit created an unprecedented opportunity and a breathtaking challenge,” Secretary Leavitt said. “The challenge has been met, and today, for over 38 million Americans -- 90 percent of people with Medicare -- the promise is being fulfilled, day in and day out, prescription by prescription. In fact, more than 3.5 million Part D prescriptions are being filled each day and the cost of monthly plan premiums is nearly 40 percent lower than original estimates.”

The average premium in 2006 for beneficiaries, not counting retiree coverage, is less than \$24. In addition, 87 percent of beneficiaries chose plans other than the standard benefit, according to the Centers for Medicare & Medicaid Services (CMS).

“With help from thousands of partners across the country, and personalized assistance from 1-800-MEDICARE and www.medicare.gov, people with Medicare and their family members were able to get the drug coverage they prefer at a far lower cost than expected,” said CMS Administrator Mark B. McClellan, M.D., Ph.D. “Thanks to Medicare beneficiaries making informed choices to meet their needs, the costs of Medicare drug coverage are way down -- and we will continue to support effective competition to provide high-quality, low-cost coverage.”

Total enrollment in Medicare Advantage plans increased by over 26 percent (1,249,041 self enrollees) during the six month enrollment period, bringing the total number of beneficiaries enrolled in Medicare Advantage plans to 7.4 million. Included in that total are about 4.8 million who chose to enroll in these plans before January, 2006.

About 87 percent of all beneficiaries who enrolled in a prescription drug plan chose a plan that offers coverage other than the standard benefit, such as no deductibles or coverage in the “donut hole.” Most beneficiaries enrolled in Medicare Advantage plans are also getting more comprehensive drug coverage than in the standard plan. In addition, almost 10 million low-income beneficiaries are getting comprehensive drug coverage for little or no cost.

Among the 38.2 million beneficiaries who are now receiving prescription drug coverage, approximately 32.8 million have coverage from Medicare and 5.4 million have coverage from other sources, including the Department of Veterans Affairs (VA), primary coverage from an employer (from beneficiaries who are working after age 65), and state prescription drug programs that are not yet combined with Medicare Part D. Based on the latest information on the choices of veterans with VA benefits and Medicare coverage, almost 40 percent are enrolled in Medicare Part D, a much larger number of VA beneficiaries than previously expected.

Enrollment for the new Medicare prescription drug coverage began on November 15, 2005 and ended on May 15, 2006.

Overall prescription drug coverage enrollment figures as of June 11 are:

- **Stand-Alone Prescription Drug Plans (PDPs):** 10.4 million people with Medicare have enrolled in stand-alone prescription drug plans, including 2.2 million enrollees receiving the low income subsidy (LIS).
- **Medicare Advantage with Prescription Drugs (MA-PDs):** 6 million beneficiaries receive coverage through Medicare Advantage plans with drug coverage (MA-PDs), including 1.2 million new enrollees. Medicare Advantage includes 925,000 enrollees receiving the LIS. About 478,000 of these are full Medicare/Medicaid beneficiaries. About 1.1 million beneficiaries are currently enrolled in MA-only plans; many of these beneficiaries in private fee-for-service plans are receiving Part D through a separate PDP and therefore included in the enrollment totals for PDPs.
- **Medicare/Medicaid:** 6.1 million Medicare/Medicaid beneficiaries were automatically enrolled in prescription drug plans. An additional 478,000 Medicare/Medicaid beneficiaries enrolled in Medicare Advantage plans with prescription drug coverage and are counted in the MA-PD total above.
- **Retiree Coverage:** 6.9 million retirees are enrolled in the Medicare retiree subsidy. In addition, about 1.5 million retirees are in employer and union-sponsored coverage that incorporates Medicare group drug coverage and about 400,000 retirees are in employer and union-sponsored coverage that wraps around Medicare drug coverage -- these beneficiaries are counted in the PDP and MA-PD totals above.
- **Federal retiree coverage:** 3.5 million
 - **TRICARE:** Estimated 1.9 million beneficiaries with TRICARE retiree coverage, based on data that was provided by the Department of Defense (DoD). This number excludes nearly 7 percent who were found to be enrolled in Part D plans based on a person-level data match.
 - **FEHB:** Estimated 1.6 million beneficiaries with FEHB retiree coverage, includes both retirees and spouses, and excludes 2 percent who might be enrolled in Part D plans (based on information from OPM).
- **Additional Sources of Prescription Drug Coverage for Medicare Beneficiaries:** HHS estimates that approximately 5.4 million Medicare beneficiaries have alternative sources of "creditable" prescription drug coverage:
 - **VA:** There are an estimated 2 million beneficiaries with creditable drug coverage through the VA who have not signed up for Part D. About 1 million VA beneficiaries enrolled in a Part D plan, and about 400,000 are receiving drug coverage from an employer receiving the Part D subsidy. These numbers are based on a sample person-level match provided by the VA.

- **Indian Health Service (IHS):** There remains 0.1 million beneficiaries with creditable drug coverage through the IHS being served by I/T/U pharmacies in 28 states.
- **Active Workers with Medicare Secondary Payer:** Nearly 2.6 million beneficiaries receive creditable drug coverage through an employer group health plan based on a person level match of our coordination of benefits files and Part D enrollment files.
- **Other Retiree Coverage:** An estimated 0.1 million retirees are continuing in retiree coverage who are not already included in the other retiree coverage categories. Some of these retiree plans may apply for the Medicare retiree subsidy in their next full plan year, while others may have only a limited number of eligible retirees so that the financial impact of the RDS is small.
- **State Pharmaceutical Assistance Programs (SPAP):** An estimated 0.59 million beneficiaries are continuing to receive creditable coverage through SPAPs. The estimate is based on information from four SPAP programs that have creditable coverage and are currently not requiring enrollment in Part D plans in order to retain SPAP coverage (NJ, NY, PA, and WI), and a person level match of SPAP files with Part D enrollment files.

Of the approximately 4.4 million Medicare beneficiaries who do not have secure, quality drug coverage, approximately 3.2 million are estimated to be eligible for the extra help. As President Bush announced, enrollment for these beneficiaries with limited incomes will continue throughout the year, with no late enrollment penalty.

HHS and CMS are continuing to work closely with the thousands of local organizations, whose efforts helped to inform and enroll the millions of Medicare beneficiaries across the country who enrolled in a prescription drug plan before the deadline, to reach these remaining beneficiaries. New outreach efforts include:

- Collaboration with several intergovernmental partners including SSA; HUD; USDA; AoA; HRSA; and ACF to raise awareness and coordinate outreach events.
- Enhanced outreach with many external partner organizations. For example, CMS is collaborating with minority groups including the NAACP to target federal outreach grants to the areas with greatest number of LIS eligibles.
- New targeted outreach activities, including collaborations with NCOA to inform partners of best practices regarding data driven outreach methods.

“People with Medicare are already seeing significant savings through the new drug coverage, and beneficiaries with limited incomes have even more to save,” said Dr. McClellan. “It’s imperative that we reach as many of them to make sure that they are able to get the drugs they need.”

Total Medicare Beneficiaries with Drug Coverage

As of 6-11-2006

Description	June
	(millions)
Drug Coverage from Medicare or Former Employer	
Stand-Alone Prescription Drug Plan (PDP)	10.37
Medicare Advantage with Prescription Drugs (MA-PD)	6.04
Medicare-Medicaid (Automatically Enrolled)	6.07
Medicare Retiree Drug Subsidy (RDS)	6.90
FEHB Retiree Coverage	1.60
TRICARE Retiree Coverage	1.86
TOTAL	32.84
Additional Sources of Creditable Drug Coverage	
Veterans Affairs (VA) Coverage	2.01
Indian Health Service Coverage	0.11
Active Workers with Medicare Secondary Payer	2.57
Other Retiree Coverage, Not Enrolled in RDS	0.10
State Pharmaceutical Assistance Programs	0.59
TOTAL	5.38

LIS-Eligible Medicare Beneficiaries with Drug Coverage

As of 6-11-2006

Description	Total LIS-Eligible Beneficiaries
	(millions)
Total Beneficiaries Eligible for Low-Income Subsidy 1/	13.20
Less: Drug Coverage from Medicare or Former Employer 2/	9.26
SSA LIS Approved	1.80
Other Deemed Full/Partial Duals and SSI Recipients	7.50
Less: Additional Sources of Creditable Drug Coverage 3/	0.59
Veterans Affairs (VA) Coverage	0.35
Indian Health Service Coverage	0.11
SPAP Wraparound Coverage	0.13
Less: Anticipated Facilitated Enrollments 4/	0.10
TOTAL Remaining LIS-Eligible Beneficiaries	3.25

1/ CMS estimate based on analysis of updated SIPP and CPS survey data.

2/ CMS Management Information Integrated Repository (MIIR), June 11, 2006.

3/ CMS estimate of beneficiaries receiving coverage from other sources, June 2006.

4/ LIS-approved beneficiaries expected to be included in the next round of facilitated enrollments. CMS Management Information Integrated Repository (MIIR), June 11, 2006.

State Enrollment in Prescription Drug Plans Nov. 15, 2005- June 11, 2006
As of 6/11/2006

State	Stand-Alone Prescription Drug Plan*	Medicare Advantage with Prescription Drugs**	Medicare-Medicaid (Automatically Enrolled)	Medicare Retiree Drug Subsidy	Estimated Federal Retirees (Tricare, FEHBP)	Total
Alabama	229,367	83,005	96,550	117,448	93,930	620,300
Alaska	8,841	107	11,739	11,647	8,548	40,882
Arizona	137,246	254,527	61,809	106,791	85,643	646,016
Arkansas	180,410	16,332	70,790	52,712	45,916	366,160
California	570,138	1,292,709	924,354	433,835	332,533	3,553,569
Colorado	104,383	139,929	46,312	77,264	69,078	436,966
Connecticut	157,624	34,406	69,728	113,279	21,537	396,574
Delaware	46,656	728	10,912	32,732	11,799	102,827
District Of Columbia	10,673	5,096	15,896	3,831	22,658	58,154
Florida	636,995	646,904	364,944	472,155	296,837	2,417,835
Georgia	373,932	50,377	155,670	130,904	119,295	830,178
Hawaii	11,270	52,961	24,554	32,563	34,271	155,619
Idaho	63,889	18,325	20,301	20,817	19,904	143,236
Illinois	544,836	81,699	261,519	345,332	71,564	1,304,950
Indiana	311,871	21,236	104,820	200,363	44,243	682,533
Iowa	223,916	21,281	59,349	44,910	25,731	375,187
Kansas	160,578	19,296	42,620	33,612	36,370	292,476
Kentucky	228,317	35,556	93,560	127,581	44,543	529,557
Louisiana	153,881	74,732	106,087	92,887	44,752	472,339
Maine	77,330	1,140	47,558	34,536	21,947	182,511
Maryland	183,796	32,256	62,047	143,120	129,057	550,276
Massachusetts	174,492	140,546	192,429	195,022	55,256	757,745
Michigan	376,773	60,372	203,052	463,907	48,070	1,152,174
Minnesota	239,868	125,059	68,436	78,563	35,450	547,376
Mississippi	139,818	9,041	132,331	30,668	44,043	355,901
Missouri	251,855	123,467	150,456	120,157	70,774	716,709
Montana	56,818	6,992	16,376	14,923	15,151	110,260
Nebraska	114,887	13,679	33,243	25,146	21,085	208,040
Nevada	54,000	86,444	19,892	41,853	35,251	237,440
New Hampshire	54,018	1,528	20,847	35,596	17,774	129,763
New Jersey	363,033	80,008	142,000	280,451	63,908	929,400
New Mexico	58,106	51,084	36,211	39,115	35,933	220,449
New York	354,129	443,969	531,820	548,876	97,869	1,976,663
North Carolina	376,774	109,565	230,050	220,583	111,581	1,048,553
North Dakota	56,684	2,528	11,708	5,145	7,473	83,538
Ohio	363,918	242,273	189,805	521,368	86,074	1,403,438
Oklahoma	175,786	45,888	78,846	53,606	68,722	422,848
Oregon	144,307	126,858	43,811	46,966	45,998	407,940
Pennsylvania	350,842	515,124	162,816	325,920	121,181	1,475,883
Rhode Island	29,007	54,202	27,152	12,844	13,592	136,797
South Carolina	176,090	29,723	120,440	112,774	77,337	516,364
South Dakota	64,675	2,218	13,128	6,575	11,933	98,529
Tennessee	225,027	104,489	222,731	122,031	72,746	747,024
Texas	750,184	263,047	341,490	436,031	275,752	2,066,504
Utah	70,353	25,219	22,399	32,815	36,265	187,051
Vermont	33,659	124	16,615	17,446	6,394	74,238
Virginia	306,631	46,676	115,196	120,962	191,947	781,412
Washington	218,751	84,747	103,607	110,775	104,841	622,721
West Virginia	111,062	13,706	46,932	88,014	20,699	280,413
Wisconsin	182,128	67,282	112,648	143,489	35,092	540,639
Wyoming	29,560	1,515	6,217	8,035	7,438	52,765
Puerto Rico	42,238	277,518	1,928	11,788	11,650	345,122
Virgin Islands	3,493	68	24	3,092	238	6,915
Other ^	3,997	2,082	1,183	0	32,271	39,533
Total	10,368,912	6,039,643	6,066,938	6,902,855	3,459,944	32,838,292

* Stand-Alone PDP includes 2.2 million enrollees receiving the limited income subsidy.

** Medicare Advantage includes 925,000 enrollees receiving the limited income subsidy. About 478,000 of these are full

^ Other includes other territories and beneficiaries whose address information is being updated.

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